

FOURTH QUARTER

INTERIM REPORT

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MANAGING DIRECTOR'S REVIEW

Watching the Bahamian sun melt into the horizon on the last day of the last month of the calendar year always gives me pause. So much happens in 12 months that it's sometimes difficult to put everything into perspective. This year, however, one thing is perfectly clear: the country has finally left Covid, lock downs, mask mandates and tests, and general paranoia in the dust. Life goes on and Bahamians couldn't be happier.

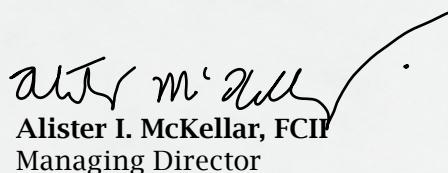
A steady increase in tourism numbers and 2023 forecasts has also been a welcome development. A healthy tourism industry boosts revenue and employment throughout the country, which is never a bad thing. The Central Bank's Economic and Development report for December points out that—despite global instability, inflation, and other serious challenges—a rebounding tourism industry in The Bahamas has led the way to a “sustained recovery trajectory.”

Our results for the period reflect this trend, with a more than 15% increase in net income (from \$9.03M to \$10.40M) compared to the same period last year. A combination of another low claims experience and a general return to “business-as-usual” in the country certainly played a role in the positive results. Under our Agency arm, the increase in net revenue from contracts with customers was aided by a one time, non-recurring windfall. This was a material factor spurring the increase in net

income from \$5,493,716 to \$6,559,921. Under our underwriting segment, the strong results were a direct result of our investment portfolio as Bahamian equities rebounded after the effects of the pandemic. The result being an unrealized gain of \$813,832 as compared to \$223,254 last year.

As I've mentioned in previous reports, we continue to struggle to find re-insurance capacity for our property division. While we've largely maintained our book of existing business in this segment, I don't expect the problem to ease anytime soon. Our motor segment, on the other hand, enjoyed a nearly 5% increase in premium volume for the year, which is encouraging.

Finally, I'd like to say thanks once again to our customers, staff, and Board of Directors. Your support makes our business possible in the first place. It's my sincere hope—as the old year sets and a new year dawns—that the next 12 months are filled with an abundance of health and happiness for everyone. Life, after all, continues to march on.



Alister I. McKellar, FCII
Managing Director



J.S. JOHNSON
PEACE OF MIND
INSURANCE AGENTS & BROKERS

PEACE OF MIND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022 (*amounts expressed in Bahamian dollars*)

	December 2022	December 2021
ASSETS		
Cash and bank balances	\$ 20,557,403	19,986,684
Term deposits	10,961,017	10,783,123
Accounts receivable	11,338,002	12,140,440
Due from insurance carriers	217,151	1,350
Investments in securities		
- fair value through profit or loss	10,152,703	9,338,871
- Amortized costs	8,892,929	10,731,218
Prepayments and other assets	5,605,415	735,399
Prepaid reinsurance premiums	24,184,696	23,063,154
Reinsurance recoveries	7,115,622	11,331,776
Right of use assets	209,276	235,392
Investment properties	536,916	536,914
Property, plant and equipment	7,681,719	7,843,126
Total assets	\$ 107,452,849	106,727,447
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 27,987,177	26,733,994
Outstanding claims	8,293,488	12,441,000
	<hr/>	<hr/>
	36,280,665	39,174,994
Other liabilities:		
Due to related parties	-	116,705
Accounts payable	5,821,042	5,787,220
Due to reinsurers	1,630,772	4,136,453
Lease liability	213,531	239,248
Accrued expenses and other liabilities	4,528,069	3,266,511
Unearned commission reserve	5,993,019	5,723,247
Total liabilities	54,467,098	58,444,378
EQUITY		
Share capital		
Authorized, issued and fully paid: - 40,000,000 of \$0.01 each	\$ 400,000	400,000
Unissued ordinary shares - 32,000,000 of \$0.01 each	<hr/>	<hr/>
Issued and fully paid ordinary shares - 8,000,000 of \$0.01 each	\$ (320,000)	(320,000)
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Retained earnings	80,000	80,000
Interest in own shares	32,879,997	29,774,730
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Non-controlling interest	(84,600)	(84,600)
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	32,875,397	29,770,130
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Total equity	\$ 52,985,751	48,283,069
Total liabilities and equity	\$ 107,452,849	106,727,447

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to December 31, 2022 (*amounts expressed in Bahamian dollars*)

	December 2022	December 2021
INCOME		
Net revenue from contracts with customers	22,359,163	20,756,656
Net premiums earned	4,506,384	4,462,716
Investment income	1,780,600	1,795,925
Change in net unrealized gain on investments in securities	813,832	223,254
Total income	29,459,979	27,238,551
EXPENSES		
Salaries and employees benefits	11,702,053	11,037,372
Net claims incurred	1,333,832	1,205,178
Provision for expected credit loss	46,807	-
Depreciation and amortization	680,808	706,527
Provision for tax assessment	-	181,730
Loss on sale of investment property	-	108,358
Other operating expenses	5,287,917	4,960,540
Total expenses	19,051,417	18,199,705
Net income	10,408,562	9,038,846
Total comprehensive income	10,408,562	9,038,846
Equity holders of the Company	\$ 8,058,697	6,883,279
Non-controlling interests	2,349,865	2,155,567
	10,408,562	9,038,846
Earnings per share for the profit attributable to the equity holders of the Company	\$ 1.01	\$ 0.86

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months to December 31, 2022 (*amounts expressed in Bahamian dollars*)

	Share Capital	Retained Earnings	Interest in own Shares	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2020	80,000	27,364,731	(84,600)	27,360,131	16,755,678	44,115,809
Total comprehensive income for the year:						
Net income	-	6,883,279	-	6,883,279	2,155,567	9,038,846
Unrealised gain on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(4,473,280)	-	(4,473,280)	(398,306)	(4,871,586)
Balance at December 31, 2021	80,000	29,774,730	(84,600)	29,770,130	18,512,939	48,283,069
Balance at December 31, 2021	80,000	29,774,730	(84,600)	29,770,130	18,512,939	48,283,069
Total comprehensive income for the year:						
Net income	-	8,058,697	-	8,058,697	2,349,865	10,408,562
Unrealised loss on available for sale securities	-	-	-	-	-	-
Distributions to owners:						
Dividends	-	(4,953,430)	-	(4,953,430)	(752,450)	(5,705,880)
Balance at December 31, 2022	80,000	32,879,997	(84,600)	32,875,397	20,110,354	52,985,751

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months to December 31, 2022 (amounts expressed in Bahamian dollars)

	December 2022	December 2021
Cash flows from operating activities:		
Net income for the period	10,408,562	9,038,846
Adjustments for:		
Unearned premium reserve	(549,735)	(38,821)
Depreciation and amortization	680,808	706,527
Provision for expected credit loss	-	181,730
Loss on sale of investment property	-	108,358
Interest expense	-	9,291
Revaluation for tax assessment		
Change in net unrealized losses on investments in securities		(223,254)
Interest Income	(652,964)	(657,863)
Dividend income	(429,116)	(333,796)
Bad debts	48,000	48,000
Cash from operations before changes in assets and liabilities	9,505,555	8,839,018
(Increase)/decrease in assets:		
Accounts receivable	754,437	610,108
Due from insurance carriers	(215,801)	333,365
Prepayments and other assets	(4,870,016)	366,656
Prepaid reinsurance premiums	(1,121,542)	(1,380,277)
Reinsurance recoveries	4,216,154	9,578,129
Increase/(decrease) in liabilities:		
Unearned premium reserve	1,802,918	1,457,919
Outstanding claims	(4,147,512)	(8,609,996)
Due to related parties	(116,705)	116,705
Accounts payable, accrued expenses and other liabilities	1,295,380	(10,685,712)
Due to reinsurers	(2,505,681)	(4,879,453)
Unearned commission reserve	269,772	291,607
Net cash used in operating activities	(4,866,959)	(3,961,931)
Cash flows from investing activities:		
Net placement of term deposits	(46,171)	(3,630,228)
Proceeds from sale of investment property	-	142,500
Proceeds from principal payments	-	1,169,785
Purchase of property, plant and equipment	(493,286)	(368,405)
Sale/(purchase) of investments in securities	998,287	(1,936,084)
Interest received	547,410	692,945
Dividends received	429,116	333,796
Net cash provided by/(used in) investing activities	1,435,356	(3,595,691)
Cash flows from financing activities:		
Dividends paid to shareholders	(4,953,430)	(4,473,280)
Principal payment of lease liability	(25,716)	(180,448)
Interest payment of lease liability	-	(9,291)
Dividends paid to non-controlling interest	(752,450)	(398,306)
Net cash used in financing activities	(5,731,596)	(5,061,325)
Net increase/(decrease) in cash and cash equivalents	570,719	(12,618,947)
Cash and cash equivalents at beginning of period	19,986,684	32,605,631
Cash and cash equivalents at end of period	20,557,403	19,986,684

(unaudited)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2022.

2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended December 31, 2022 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 22,337,692	21,471	22,359,163
Net premiums earned	-	4,506,384	4,506,384
Interest income	46,921	606,043	652,964
Change in net unrealized gain on investments in securities	-	813,832	813,832
Dividend income	94,966	354,419	449,385
Other income	79,839	598,412	678,251
	\$ 22,559,418	6,900,561	29,459,979
Insurance expenses	\$ -	1,333,833	1,333,833
Depreciation and amortization	631,203	49,604	680,807
Provision for expected credit loss	-	46,807	46,807
Other expenses	15,368,294	1,621,676	16,989,970
	\$ 15,999,497	3,051,920	19,051,417
Net income	\$ 6,559,921	3,848,641	10,408,562

The segment results for the period ended December 31, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 20,730,861	25,795	20,756,656
Net premiums earned	-	4,462,716	4,462,716
Interest income	54,517	603,346	657,863
Dividend income	-	333,796	333,796
Change in net unrealized gain on investments in securities	-	223,254	223,254
Other income	153,032	651,234	804,266
	\$ 20,938,410	6,300,141	27,238,551
Insurance expenses	\$ -	1,205,178	1,205,178
Depreciation and amortization	660,260	46,267	706,527
Loss on sale of investment property	108,358	-	108,358
Provision for expected credit loss	-	181,730	181,730
Other expenses	\$ 14,676,076	1,321,836	15,997,912
	\$ 15,444,694	2,755,011	18,199,705
Net income	\$ 5,493,716	3,545,130	9,038,846

The segment assets and liabilities as at December 31, 2022 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 38,784,003	68,668,846	107,452,849
Total liabilities	18,038,663	36,428,435	54,467,098

The segment assets and liabilities as at December 31, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 36,686,793	70,040,654	106,727,447
Total liabilities	18,996,340	39,448,038	58,444,378